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IN REPLY
REFER TO

DCMC-0

DEC 13 1999


MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION,
TECHNOLOGY, AND LOGISTICS
PRINCIPAL DEPUTY UNDER SECRETARY OF DEFENSE FOR
ACQUISITION, TECHNOLOGY, AND LOGISTICS
DIRECTOR, DEFENSE PROCUREMENT
DEPUTY UNDER SECRETARY OF DEFENSE FOR ACQUISITION
REFORM
DEPUTY UNDER SECRETARY OF DEFENSE FOR LOGISTICS
ASSISTANT SECRETARY OF THE ARMY (RESEARCH,
DEVELOPMENT AND ACQUISITION)
ASSISTANT SECRETARY OF THE NAVY (RESEARCH,
DEVELOPMENT AND ACQUISITION)
ASSISTANT SECRETARY OF THE AIR FORCE (ACQUISITION)
DIRECTOR, BALLISTIC MISSILE DEFENSE ORGANIZATION
THROUGH: DIRECTOR, DEFENSE LOGISTICS AGENCY

SUBJECT: Single Process Initiative (SPI) Quarterly Report, October 1- November 30, 1999

Forwarded for your information is the first SPI Quarterly Report of FY 2000. This report has been rescheduled for release in conjunction with all quarterly SPI Executive Council meetings. The next SPI Executive Council meeting is December 13, 1999. The next quarterly report will cover the months of December, January and February.

The report format has changed to highlight the significant activities for the Management Councils, SPI Center, and SPI Management Team. More detailed information is available on the DCMC Civil Military Integration (SPI) home page (<http://www.dcmc.hq.dla.mil>).

Please send any comments on this report to Ms. Stephanie Strohbeck, SPI/Block Change Management Team Leader at (703) 767-1 345.


TIMOTHY P. MALISHENKO
Major General, USAF
Commander

Attachment

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Single Process Initiative (SPI) Quarterly Report
October 1, 1999 --- November 30, 1999

Executive Summary

This report summarizes the Civil Military Integration and Single Process Initiative activities since October 1, 1999. The report includes notification of the December 13, 1999 SPI Executive Council meeting and the meeting's agenda topics. Additionally, the report provides summaries of issues being discussed at the various Corporate Management Councils and addresses SPI Center activities. These include: The upcoming SPI Recognition Awards, Strategic Supplier Alliance activity, presentations made by the DCMC SPI Center, the establishment of DCMC CMI targets and the Commercial Designation Integrated Process Team (IPT) efforts. Finally, this report shares news concerning the Block Change Management Team, progress on 1999 SPI Workshop recommendations and several SPI related reform efforts.

Upcoming SPI Executive Council Meeting

The next meeting of the SPI Executive Council Meeting is on December 13, 1999. Topics to be discussed are: Packaging Pilot Program, Enterprise Resource Planning, AIA Supplier Management Council, Corporate Council Procedures, Strategic Supplier Alliances, Commercial Designations IPT, and DLA/Allied Signal Rapid Improvement Team. Minutes from previous meetings are at http://www.dcmc.hq.dla.mil/dcmc_o/oc/Spi/minutes.htm.

Corporate Management Councils

AlliedSignal Joint Corporate Customer Council

The meeting was held on October 18, 1999. The agenda topics included discussions on Business Unit Acquisition Reform and Government Accounting Goals and Objectives, ASI Delivery Delinquency, Common Metrics Initiatives, the Commercial Site Program, and the Allied Signal SPI Program. Additional topics discussed included the Commercial Packaging Pilot Program, an update from the Rapid Improvement Team, JCC Planning for 2000, and review of the Aerospace Realignment Customer briefings.

Boeing Joint Leadership Council

A meeting for the subject council was held on November 10, 1999. Most of the discussion focused on the following topics: Update and overview of Boeing Process Assessment System Steering Group recommendations, a discussion of Dr. Gansler's memorandum of September 14, 1999 titled "Corporate Councils", presentation of the NASA engineering white paper, and migration to a Boeing-wide Earned Value Management System.

Lockheed Martin Corporate Management Council

The council met on November 17, 1999. Agenda topics included discussions on FAA Acquisition Initiatives, Contract Data Requirements List Cost Reduction Opportunity, Suppliers' SPI activities, and Integrated Digital Environment.

Northrop Grumman Corporate Joint Management Council

The agenda for this meeting included a discussion on finalizing the Joint Management Council Charter, status of 1999/2000 Objectives, and Northrop Grumman Acquisition Reform Activities regarding their Web Page and planned Corporate Review Process. Additionally, DoD members provided presentations on the DoD Corporate Council Process, Lessons Learned, SPI Metrics, and Acquisition Reform Checklists.

SPI Center

SPI Recognition Awards Program – It's Coming!

The third annual awards program to recognize continued successes is kicking off in December 1999. There are six categories of awards: 1) Management Councils for Civil Military Integration Progress, 2) Acquisition Pollution Prevention Activities, 3) Increasing International Participation, 4) Supplier Mentoring, 5) Geographical Contract Administration Offices for increasing participation, and 6) Government and Industry Individuals for Significant Contributions. The individual award category was a recommendation from the SPI Workshop held in July 1999. A spring awards ceremony is planned.

Strategic Supplier Alliances

Incorporation of DCMC policy on Strategic Supplier Alliances into the One Book is imminent. The following pilot alliances have been approved and are under development in association with the respective Management Councils. Each alliance will be unique based on stakeholder needs and desired outcomes.

- AlliedSignal for quality assurance (MRM #10)
- Goodyear for delivery surveillance and payment
- Rockwell Collins for lean initiatives
- Lockheed Martin Aeronautical Systems Business Area for Enterprise Resource Planning
- Raytheon Systems Company for Parts Control, especially the configuration management/logistics modernization aspects.

Civil Military Integration Presentation at DCMC Commanders Conference

A CMI tutorial was given to the Commanders during the November DCMC Commander's Conference. Topics covered were Civil Military Integration, Strategic Supplier Alliances, Single Process Initiative, and Management Councils. Attendees received an executive overview addressing the fundamental principles of the subjects as well as the roles the various DCMC, and other stakeholders, have to further these concepts and initiatives. The presentation was well received by all that attended. A copy of this presentation can be found at <http://www.dcmc.hq.dla.mil/conference/nov99/presentations/Tutorialslides.ppt>.

SPI Update Presentations to Industry

Presentations were provided to the Aerospace Industries Association Supplier Management Council Executive Committee and the Government Electronics and Information Technology Association Manufacturing, Materials Procurement, and Quality Committees in October. These two industry groups were interested in what has been happening with SPI and where SPI is going in the future. It was mentioned there has been a downward trend in receipt of SPI concept papers and Industry can help turn this trend around, especially through SPI flowdown to their subcontractors. Also shared were the recommendations from the SPI Workshop, held in July 1999, stating that implementation plans for each set of recommendations were being developed and would include Industry as applicable. Additionally, DCMC's activities with Civil Military Integration, Strategic Supplier Alliances, and consideration were briefed.

Aerospace Industries Association (AIA) Supplier SPI Working Group Meeting

Held on October 21-22, 1999, with representatives from AIA, Boeing, Lockheed Martin, Northrop Grumman, Raytheon, and United Defense in attendance. Topics discussed included:

- Supplier Survey Status -- Working Group members are contacting selected suppliers to survey their participation in SPI and any barriers to their participation.
- Supplier SPI Handbook -- The Working Group is developing a handbook for suppliers to assist their participation in SPI. The handbook will compliment the template already developed by the working group.
- Reprocurement -- The Group reviewed a white paper on reprocurement issues, which was also highlighted as a problem area during the SPI Workshop held in July 1999.
- Retention of Instant Savings -- The Working Group discussed their goal of retaining instant savings from approved SPIs, so that they can also allow their suppliers to retain savings. The goal was briefed to the SPI Executive Council in June 1999.

Mr. Elton Minney, TASC, addressed the Working Group about the supplier management guidebook under development by ODUSD(AR). Ms. Paula Metcalf, DCMC, presented an informative briefing on the activities of the SPI Executive Council, including a review of the recommendations from the SPI Workshop held during July 19-21, 1999. The next meeting is scheduled for January 13-14, 2000.

CMI Targets for FY 2000

DCMC has chosen 11 CMI targets for FY 2000. Progress toward achieving the CMI Targets will be published periodically in this report. An overarching CMI Target is the establishment of Strategic Supplier Alliances with the supplier base to achieve civil military integration. The other ten CMI Targets are in the areas of Product Support, Delivery, Pricing, Business & Financial Systems, Payment & Financial Management, Contract Closeout, and Pre-Contractual Advice. The preliminary group of CMI Targets are:

- Product Support
 - Identify contractors who are doing business with both Government and the Commercial Sector. Determine activities that the contractor is asked to perform to meet the Government's unique needs. Evaluate the need for those unique tasks.
- Delivery

- Support use of contractor logistics support, e.g., Prime Vendor, Virtual Prime Vendor, E-Mall.
- Pricing
 - Complete current round of parametric development tests and develop implementation plan for deployment.
- Business & Financial Systems
 - Expand contractor use of more "modern" purchasing techniques (e.g., credit cards, E-Mall).
 - Implement Cost Accounting Standards (CAS) reform and determine implications for DCMC contract administration offices.
 - Turn business system reviews into performance based reviews (e.g., beyond procedural compliance).
 - Facilitate contractor adoption of Enterprise Resource Planning systems.
- Payment & Financial Management
 - Implement Government property reform upon issuance of FAR Part 45 rewrite.
- Contract Closeout
 - Effectively manage transition from Mechanization of Contract Administration Services (MOCAS) (legacy system) to Standard Procurement System (SPS).
- Pre-Contractual Advice
 - Push for "validation" of contractor performance before awards (commercial practice).

Commercial Designations IPT

The IPT analyzed DD 350 data from 1997 through 1999 for 14 Federal Supply Classes (FSCs) and canvassed industry associations for their experience with inconsistent commercial designations. The following actions have been, or are being, taken based on findings:

- Drafted letter for DDP signature to clarify existing policies as they relate to misunderstandings and confusions.
- Recommended a DAR case be established to review and evaluate the possible uses of Part 12 for Commercial Time & Materials contracts.
- Drafted letter for DDP signature that will provide departmental guidance to the Services/Agencies directing them to enforce the use of CBD Note 26.
- Form a Rapid Improvement Team (led by the Army) to address a migration path for FAR Part 12 items.

SPI Management Team (Formerly the Block Change Management Team)

Team Changes

The Block Change Management Team, formed in 1995, with members from all Military Services, DCMC, DCAA, DoD IG, DLSC, and ODUSD(AR) recently revised its charter to reflect the broader scope of initiatives supporting CMI. While doing so, the team decided to change its name to the SPI Management Team (SPIMT). The team was instrumental in the

success of the recent SPI Workshop and its members serve as champions for implementation of the recommendations from the workshop.

SPI Workshop Recommendations

The DCMC SPI Center briefed the recommendations from the SPI Workshop at the September 17, 1999 SPI Executive Council meeting. The recommendations were grouped into four over-arching themes -- 1) policy; 2) communication, outreach and training; 3) empowerment and recognition; and 4) senior level support. After some discussion, the Executive Council endorsed moving forward with the recommendations. DCMC will provide a progress report on implementation of the recommendations at the March Executive Council meeting.

Related Reform Notes

SPI Initiative Kudos at the Program Executive Officer/ Systems Command Commanders' Conference

This conference was held October 19-20, 1999 at the Defense Systems Management College, Ft. Belvoir, VA. Among the panels was one entitled, "Perspectives on 'What's Working,' 'What's Not Working', and 'How To Pick Up the Pace.'" MG John Michitsch, PEO, Ground Combat and Support Systems, mentioned SPI as one initiative that is working very well; others he mentioned were alpha contracting, electronic commerce, innovative contracting and IPTs. He mentioned the key is continuous training and that folks must be empowered. Mr. Vincent Sullivan, IBM and Chairman, Integrated Dual-Use Commercial Companies, also mentioned SPI as a very good area that has been used extensively. Mr. Pete DeMayo, Lockheed Martin, praised SPI and Management Councils. He said IPTs and Management Councils have greatly improved communication and working relationships between and among Government and Industry. He stated "grow the partnership" as a specific way to move forward in acquisition reform. Mr. Soloway commented in his summary "how the advent of Corporate Councils expands SPI and the Management Council concepts from being facility focused and can be seen as the epitome of partnering."

Military Specification and Standards Reform Review

Department of Defense Standardization Executives and Industry representatives met recently to baseline the reform process and to determine next steps. Overall, specification documents have been reduced from 45,531 in 1994, to 28,326 in 1999. Detailed specifications have been reduced from 67 to 32 percent. Two thirds of current documentation is now performance based. Participation in non-government standards (NGS) bodies has dropped from 2,200 to 600. The group noted continued DoD participation in NGS bodies is critical to the reform and legacy systems continue to be a major concern. This review is important to the SPI community because the SPI initiative was created to expedite transition to performance based specifications. These results show how SPI has been instrumental to these significant achievements.

As a result of the meeting, multi-disciplinary Government and Industry working groups will be convened to:

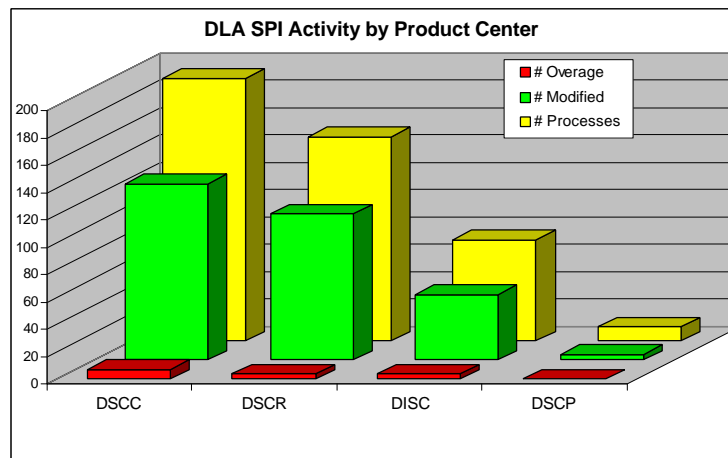
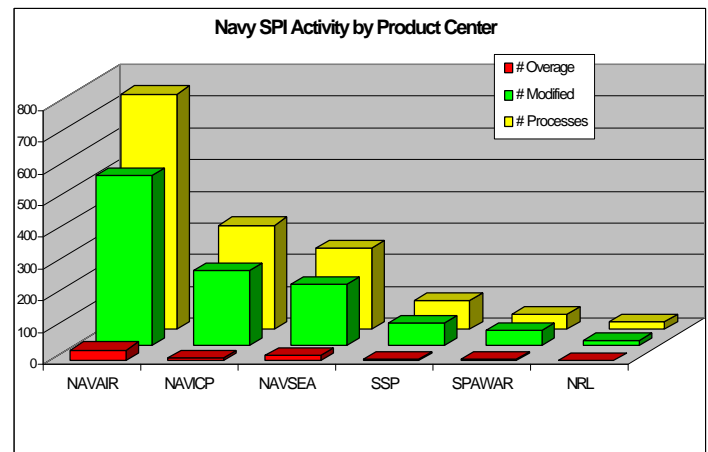
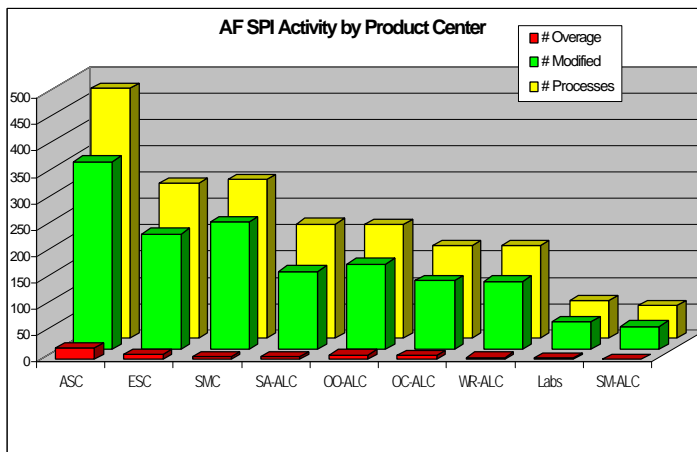
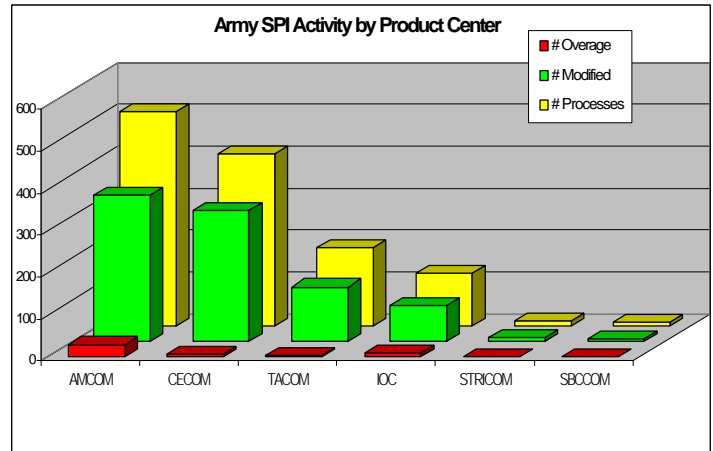
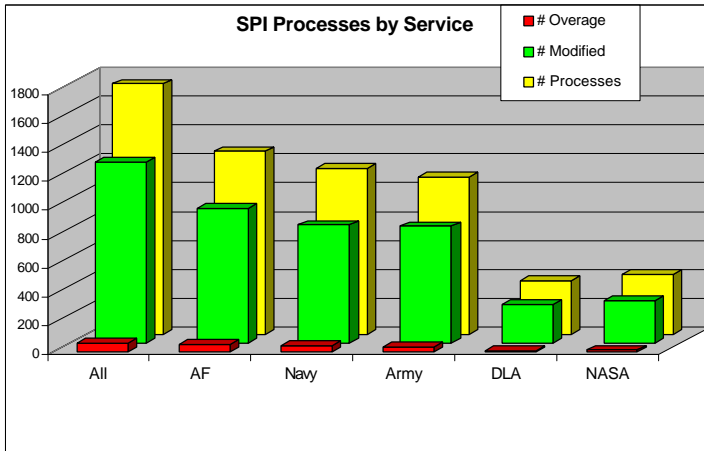
1. Determine how standardization can support logistics reform, interoperability, evolutionary acquisition, technology insertion, and reduction in total ownership costs.
2. Develop templates for business strategies that promote civil-military integration for acquisition of defense unique legacy and production items.
3. Address configuration management policies and practices, technical insertion, logistics supportability, insight versus oversight, and commercial parts management.

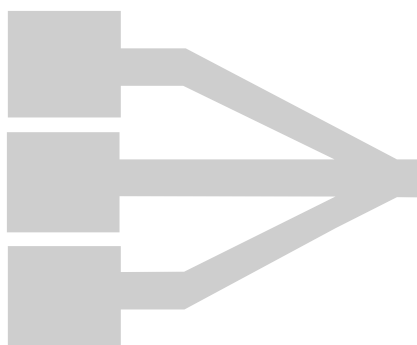
The SPI Center will continue to follow these efforts to incorporate working group results into CMI/SPI Policy or initiatives as needed.

Supplier Guidebook Team

The Office of the Deputy Under Secretary of Defense (Acquisition Reform) hosted a meeting November 4, 1999, to discuss developing a Supplier Guidebook. Participants included Defense Contract Management Command, Defense Logistics Support Command, Defense Contract Audit Agency, Inspector General, Military Services, Industry Associations, and Industry. The guidebook is intended to define and share best practices and encourage others to emulate them. The Aerospace Industries Association briefed the efforts of its Supplier Management Council in reaching and motivating the supplier base towards reform. Several approaches to the guidebook were discussed. Other "future look" studies performed were shared for consideration. Industry will present their ideas at the next meeting on December 8.

SPI Demographics By Service and Buying Office Quarterly Report, Period Ending November 30, 1999





SINGLE PROCESS INITIATIVE

Implementation Summary

Appendix B: As of: November 30, 1999

		Contractor Facilities:	332	S P I P R O C E S S
		Top 200 Corporation Facilities:	169	
		International Facilities:	17	
		<hr/>		
		Total Proposed Process Changes:	1732	
		Found Technically Unacceptable:	69	
		Processes Withdrawn/Disapproved:	347	
		Total Block Change Modifications:	1253	
		Average days from Submittal to Modification:	141	
		Total Open:	132	
		* Total Open Aged Over 120 days:	59	
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Proposal Development (30 Days)	Total Under Development/Awaiting Initial Acceptance:	31		
	Total Under Development for More than 30 Days:	31		
		<hr/>		
Approval (60 days)	Total Under Review for Approval:	43		
	Disagreements/Problems Escalated:	28		
	Total Under Review for More than 60 Days:	26		
		<hr/>		
Modification (30 days)	Total Awaiting Contract Modification:	58		
	Total Awaiting Contract Modification for More than 30 Days:	58		
		<hr/>		
Implementation Results	Amount Negotiated:	\$30,562,427		
	Estimated Cost Avoidance on Future Contracts:	\$523,263,701		

* Does not include Law/Reg Proposals, AP2I

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